

Our  
Beer  
Print



# 2016 CORPORATE RESPONSIBILITY REPORT







## IN THIS REPORT

**p3** Molson Coors at a Glance

**p4** A Message from Mark

### OUR APPROACH

**p5** Our Beer Print

**p6** Identifying Key Issues

**p6** Materiality

**p7** Ethical Culture

**p8** Corporate Responsibility Governance

### ALCOHOL RESPONSIBILITY

**p10** Approach to Alcohol Responsibility

**p10** Targets

**p10** Industry Collaboration

**p11** Responsible Marketing

**p11** Responsible Retailing

### ENVIRONMENTAL STEWARDSHIP

**p13** Approach to Environmental Stewardship

**p15** Water

**p18** Energy and Carbon

**p21** Waste Reduction

**p23** Packaging

### EMPLOYEES AND COMMUNITY

**p25** Our Employees

**p27** Wellness and Safety

**p29** Community Investment

### RESPONSIBLE SOURCING

**p31** Sustainable Procurement Strategy

## ABOUT THIS REPORT

The Molson Coors Our Beer Print Corporate Responsibility Report provides an update of our activities during the calendar year 2015, with additional qualitative material from previous years.

The data presented in the report is global and covers Molson Coors Brewing Company's direct operations: Molson Coors Canada, Molson Coors Europe (covering the UK & Ireland and Central European operations), and Molson Coors in India.

Due to our 42% equity share in MillerCoors LLC in the US, we also report 42% of their data separately.

## DATA ASSURANCE

Our data has been independently reviewed in accordance with ISAE 3000. The scope of reporting is based on operational control. Data corresponding to our 42% equity share in MillerCoors in the US has also been reviewed. The data tables report performance by region to align our metrics with financial denominators. Our full [Assurance Statement](#) is available on our website.

# MOLSON COORS AT A GLANCE



**Beer is our passion, our heritage and our future.**

More than 350 years of brewing heritage, combined with a lasting connection to drinkers, and a healthy dose of modern business is what makes us a leading global brewer.

**8,922**  
employees

**22**  
breweries

Selling brands  
in more than  
**50** countries

A diverse portfolio  
of more than  
**90** strategic and  
partner brands

**Second  
largest**

brewer in the US  
through MillerCoors  
JV with SABMiller

**Leading**

brewer in Canada via  
Molson Coors Canada

**Top-tier**

brewer in UK & Ireland  
and Central Europe  
through Molson  
Coors Europe

## Europe

UK's **second-largest** brewer and the leading brewer in Central Europe, with a portfolio of brands including Carling, Coors Light, Staropramen and Doom Bar

### Other brands:

Bergembier, Borsodi, Caffrey's, Cobra, Corona, Grolsch, Jelen, Kamenitza, Magners Draught Cider, Niksicko, Ožujsko and Worthington's

Molson Coors Europe manages **12 brewing facilities**

## International

Focus on select markets with **high growth potential** and opportunities for achieving critical mass

**Partnerships** with CCA in Australia, CCU in Chile, Estrella Damm in Spain, MPK in Russia, Obolon in Ukraine and Cobra in India

**Brand-led growth strategy** around Coors Light, Carling, Staropramen, Cobra and Blue Moon

## Canada

One of Canada's **leading brewers** and North America's oldest beer brand

**Powerful brand portfolio** includes category-leading brands

**Canada's most popular light beer** – Coors Light, leading domestic lager and ale – Molson Canadian, Coors Banquet and Molson Export

**New brands** Molson Canadian 67, 67 Sublime and Rickard's Shandy

**Consumer preferred crafts** and imports – Rickard's, Creemore, Granville Island, Heineken and Strongbow Cider

## 2015 Financial Results and Impact

**\$5,127.4 million gross sales** or **\$3,567.5 million net of excise taxes**

**\$359.5 million net income.** Equity income from MillerCoors LLC is included in Molson Coors' net income

## Who benefited from our revenues in 2015?



- 2% Financial institutions (interest)
- 29% Governments
- 14% Agriculture, other brewing materials
- 9% People
- 12% Cans, bottles, other packaging
- 8% Media, advertising and sponsorships
- 6% Transportation
- 12% General and administrative, including donations
- 3% Equipment and other assets (depreciation)
- 5% Shareholders (dividends)

Note that under US GAAP, gross sales do not include sales by MillerCoors LLC, the US operating company operated in a joint venture with SABMiller. MillerCoors LLC reported gross sales of \$7,725.5 million net of excise taxes. On a pro forma basis, 42% of these sales would be attributed to Molson Coors. Pro forma gross sales (including 42% of MillerCoors LLC) totaled \$8,832.7 million, or \$6,812.2 million net of excise taxes. For more information see our [2015 Annual Report on Form 10-K](#).





# A MESSAGE FROM MARK

**Consumers and customers are at the heart of our business. Everything we do, from the way we brew and sell our beer, to the way we develop and engage our employees and our responsibility for our brands must deliver against our ambition to become First Choice for Consumers and Customers.**

This is particularly important when considering Our Beer Print, our corporate responsibility agenda. In 2015, we recognized it was time to elevate corporate responsibility from the “standalone” goal that had served our communities well to date, and to sustainably integrate Our Beer Print across all of our business processes using our BrewHouse operating model. This ingrains the importance of growing our business the right way in all of our roles and all functions.

In 2015, we were, for the fourth year, recognized in the Dow Jones Sustainability World Index (the fifth year on the North American index), which I am understandably pleased with; but for me this is simply the baseline. Leaning into the areas that are important to our key stakeholders – consumers and customers – is vital. In our most recent materiality

assessment, our customers agreed with our view that alcohol responsibility and water stewardship are the highest-risk areas within our business.

Having two grown-up children myself, and almost three decades’ experience of our industry, I am fully aware of our accountability to ensure responsibility in all aspects of the brewing, selling and marketing of alcohol products in line with consumer and customer expectations. In 2015, I was pleased to take over as Molson Coors CEO signatory for the global [CEO Alcohol Producers’ Commitments](#), administered by the International Alliance for Responsible Drinking (IARD), ensuring that Molson Coors’ commitments to increase consumer education, drink drive programs and community partnerships are delivered and reported annually through IARD. As our global footprint increases, so too will the extent of rigor in delivering on the Global Producers’ 2017 goals.

Without great water we cannot brew great beer! This has been true for our business throughout our long history and our continued commitment to water stewardship runs across our operations. Our [2020 Sustainability Strategy](#), which also includes commitments around our other environmental impacts, targets us to:

- Reduce water intensity by 15% in all brewery operations (2011 baseline)
- Achieve world-class water efficiency in breweries exposed to a risk to the security of supply

*“We are growing our positive beer print”*

We are focused on waste water treatment and continue to invest in anaerobic digestion and generate clean energy from this waste stream. In the last year, we have completed three plants in Serbia, Montenegro and Bulgaria using technology that allows us to treat our waste water to a high quality and generate biogas that can be used to produce heat or electricity for use in our breweries. This not only helps our bottom line, it demonstrates to our many customers with equally aggressive targets, that we are serious in these areas; not only in protecting our watersheds, but also reducing our carbon emissions and energy use.

Driving our alcohol responsibility and water stewardship agendas is clearly as important to me as it is to our stakeholders but I recognize that we cannot deliver these results without great people. Engaged people are the heart of any world-class organization. In our People Survey, carried out at the end of 2015, I am pleased to report that overall employee engagement increased from 57% in 2013 to 65%. Our Beer Print is an increasingly significant driver of our engagement success, with scores for

responsibility increasing from 77% in 2013 to 81% in 2015. Our Beer Print Month, now in its fifth year, has captured the imagination of our people to grow our business in the right way and encourage increased community participation. In 2015, almost 5,000 Molson Coors employees engaged in Our Beer Print Month activities, bringing more than 50 employee events to life across our business. And this converts to real results: through Our Beer Print, we are increasing the engagement levels of our employees, driving our BrewHouse operating metrics and reducing staff turnover.

In 2016, as we look forward to fully welcoming MillerCoors into the Molson Coors family, creating a bigger, better beer company – with even greater responsibilities – I am committed to keeping Our Beer Print agenda on course and I am optimistic and resolute that our focus on doing business in the right way will only go from strength to strength.

Cheers!

**Mark Hunter**,  
President and CEO



# OUR APPROACH

## Our Beer Print

**We are responsible for brewing great beer, but that's just the beginning.**

Corporate responsibility at Molson Coors has never been about an initiative or a department. We are each accountable for our corporate responsibility; it matters to all of us. We recognize the importance of brewing and selling our beer, and growing our business the right way. With continued pressure on natural resources, an increased scrutiny on the alcohol business, and consumers and customers becoming more curious around transparency of ingredients and processes, we know that this is not only the right way to grow our business but also the only way.

Corporate responsibility can be a complicated area. At Molson Coors, we pride ourselves in "Pub Talk;" making the complicated simple, as you would when telling stories to your friends. With this in mind, the framework for our culture at Molson Coors is called "Our Brew" and Our Beer Print, part of that framework, is how we communicate and engage our employees around our corporate responsibility agenda, to make it more straightforward and relevant.

The simple story of Our Beer Print – every time a beer is picked up there is a beer print left behind. Wherever we brew and sell our beer we leave a beer print on our communities, on our environment and on our business. At Molson Coors, we want to grow our positive Beer Print and shrink our negative Beer Print. It helps guide purchasing decisions, company goals, community partnerships, employee engagement and profit. It helps drive our business.

In particular, we want to grow Our Beer Print in five key areas:

- **Governance and Ethics:** Be ethical and accountable in our business practices
- **Alcohol Responsibility:** Make quality products that we advertise and sell responsibly
- **Environmental Stewardship:** Brew and package our products with care for the environment
- **Employees and Community:** Support the development, engagement and wellness of our people and invest in the communities where we live and work
- **Responsible Sourcing:** Extend our best practices throughout our supply chain





# Identifying Key Issues

**Engaging with stakeholders is essential to building our reputation, developing long-term relationships, helping to understand stakeholder concerns and supporting Molson Coors' ambition to be First Choice for Consumers and Customers.**



Interviews carried out with on- and off-premises customers to understand issues and joint opportunities

Proactive engagement with our external stakeholders (customers, consumers, communities, government/regulators, trade associations, investors, NGOs, public health community and suppliers) is central to better understanding our key material issues. The variety of our stakeholders means we engage in a range of different ways, depending on the relevance of the issue and the most appropriate way to engage the stakeholder's specific needs.

Key internal stakeholders (employees, commercial leaders and senior leaders) are engaged on an ongoing basis. Employees take part in a [Global People Survey](#) to identify both areas for improvement and areas of strength on which to build. The [Corporate Responsibility \(CR\) Council](#) has accountability for delivering performance in the strategic, operational and commercial areas of the business. The Council meets three times a year and comprises senior leaders who each report to a member of the Executive Leadership Team.

# Materiality

**At Molson Coors, we use a combination of qualitative and quantitative research to determine our material issues and consult with both external and internal stakeholders.**

Every three to five years we undertake an independent Stakeholder Review, as a formal assessment of changing needs and concerns. Our most recent review was carried out in 2014. Using a third party, we surveyed 12 on-premises and off-premises trade customers in Europe and North America. The review involved interviews with key partners to discuss:

- Critical issues for customers and the industry;
- Existing CR partnerships and programs;
- Perceptions of Molson Coors' CR program; and
- Potential synergies and opportunities for partnership going forward.

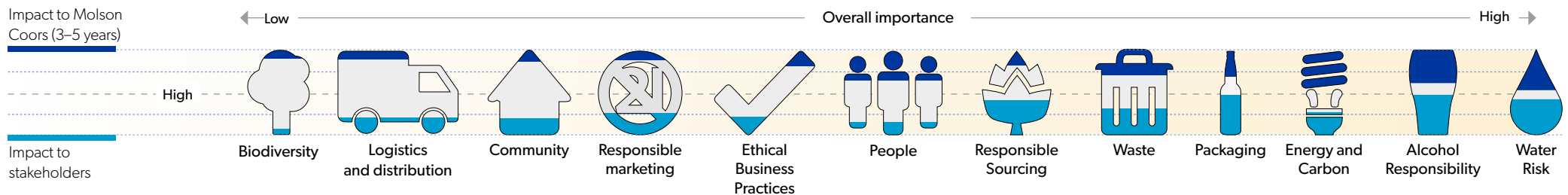
Seventeen in-depth interviews were carried out with representatives of the Commercial and CR teams. Following the external interviews, a discussion guide was developed to explore similar issues from an internal perspective and allow the opportunity for our senior leaders to react to some of the insights

gained from the customer interviews. The review identified high-, medium- and low-risk issues that are of importance to our stakeholders and have the greatest impact on the business. Please see the independent commentary and recommendation from the [review](#).

Our materiality matrix identifies our key issues. We set annual [targets](#) for our priority areas and report against our progress externally and to our leadership and Board of Directors.

Our high-priority issues are regarded as those that are of greatest importance to our stakeholders and have the largest impact for Molson Coors (three to five years). We set annual targets in these areas and report against our progress externally and to our leadership and Board.

## MATERIALITY ASSESSMENT





# Ethical Culture

## OUR BREW

**At Molson Coors Our Brew defines who we are and how we will work together to achieve our goals. These guiding principles are the foundation for our Code of Business Conduct. The Code helps guide our behavior at work to ensure we are right on “brew” with our decisions and actions.**

### OUR GUIDING PRINCIPLES

#### WHO WE ARE

Champion beer and Our Beer Print

Demand quality

Challenge the expected

Execute brilliantly

Treat everyone with integrity and respect

#### HOW WE WORK

Win the right way vs. Win at all costs

Take smart risks vs. Play it safe

Decide and do vs. Revisit decisions

I will deliver vs. I will find excuses

Team first vs. Me first

One way vs. My way

At the heart of our ethical culture is the [Code of Business Conduct](#); [Living Our Brew](#).

We have a duty to ourselves and our employees, the communities we live in, the suppliers we work with, the customers we serve and the beer drinkers we seek to delight to always do the right thing. To ensure we stay on course, we have our Code of Business Conduct, Living Our Brew. Together with Our Guiding Principles, the Code helps us to ensure our decisions and actions are consistent with the “Right Way” activity. All our employees, up to our Board of Directors uphold the Code, engaging with it upon joining our company, and having it refreshed every following two years.

The Code is the cornerstone of our ethics and compliance program, which includes communication, training, policies, and monitoring and auditing procedures on a variety of topics relevant to our business. These topics include, but are not limited to, accurate books and records, conflicts of interest, competition data privacy, discrimination and harassment, social media and speaking up.

Under the Chief Ethics and Compliance Officer and our Executive Ethics and Compliance Committee, we work with partners in each of our regions to promote a consistent global approach to doing things the “right way” everywhere we do business.

## ANTI-BRIBERY AND CORRUPTION

Molson Coors prohibits bribery and corruption by its employees or by anyone who is acting on behalf of the company. We expect our employees and business partners to “win the right way” through ethical and transparent business practices. Our anti-bribery and corruption program includes a global policy and training program, an intranet site with tools and other resources for employees, due diligence procedures and standard contract clauses for key business partners, and monitoring through internal/external audits and our Ethics and Compliance Helpline. Activities related to our anti-bribery and corruption program, along with our broader ethics and compliance program, are communicated to our Executive Leadership Team and the Audit Committee of our Board on a quarterly basis.

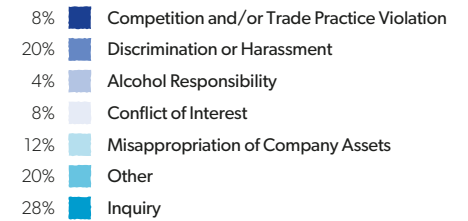
## ETHICS AND COMPLIANCE HELPLINE

Our employees also have access to an [Ethics and Compliance Helpline](#) 24 hours a day. The helpline allows employees, or any stakeholder, to ask a question or raise a concern in their native language in a confidential and/or anonymous way. All questions and issues raised through this channel are responded to through the Ethics and Compliance Office at Molson Coors.

In 2015, we had 25 reports or inquiries through this channel. Of the 2015 reports where investigative action was necessary, approximately 50% were substantiated and resulted in corrective or disciplinary action. 37% of reports in 2015 were anonymous (2014: 20%).

Reports were made in the following categories:

### 2015 Reports to the Helpline



## POLITICAL CONTRIBUTIONS

Molson Coors engages in the political environment in order to inform public policy makers on company and industry issues and practices and to promote corporate responsibility, including the responsible promotion and consumption of our products. Only designated company employees may engage in public policy influence on behalf of the company, and these employees must adhere to registration, ethics and disclosure requirements in their jurisdiction (see our [Political Contributions Principles](#)). Full disclosure of our contributions is available [online](#).



# Corporate Responsibility Governance



CEO Mark Hunter opens the annual leadership meeting in Colorado

## ACCOUNTABILITY

The CR Council is accountable for delivering performance in the strategic, operational and commercial areas of the business including climate strategy. The Council acts as a steering group, providing leadership and direction across functions and business units, and aligning our CR agenda behind the business's ambition to be First Choice for Consumers and Customers. The Council monitors and takes accountability for our CR performance and our business reputation. The Council is sponsored by the Chief People & Legal Officer and Chief Supply Chain Officer and chaired by the Chief Corporate Responsibility Officer. The Council reports to the Executive Leadership Team three times a year and twice a year directly to the Board of Directors.

## REMUNERATION

Monetary reward in performance pay is given to the Corporate Executive Team; Chief Executive Officer; Chief Operating Officer; and management team on the basis of the following indicators:

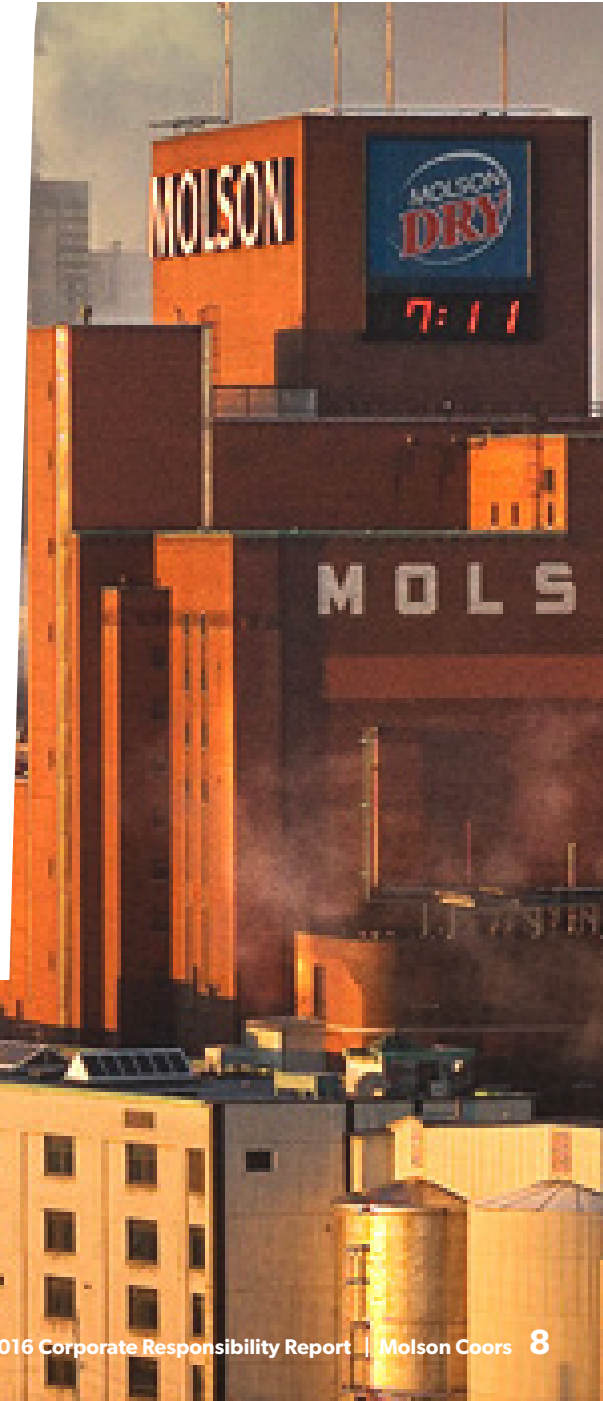
- Performance against our 2020 Sustainability Targets such as energy used (megajoules) per hectoliter (hl) of production (MJ/hl), and water consumption per hl of production (hl/hl)
- Performance in external benchmarking indices (such as the Carbon Disclosure Project and Dow Jones Sustainability Index)
- Responsibility of alcohol products as measured through performance against the CEO Producer Alcohol Commitments

These indicators form part of the BrewHouse Operating Scorecard and are integrated into a larger suite of metrics that drive our business at a global level. The Corporate Executive Team is rewarded on the basis of this entire suite of metrics.

Monetary reward in performance pay is given to business unit managers; energy managers; environment/sustainability managers; process operation managers; and risk managers on the basis of four indicators:

- Fuel used per hl of production (MJ/hl)
- Electricity consumed per hl of production (MJ/hl)
- Carbon emissions per hl of production (kgCO<sub>2</sub>e/hl)
- Water consumption per hl of production (hl/hl)

As part of a non-monetary recognition for efforts undertaken to improve Our Beer Print through volunteering, championing activities and leading initiatives to reduce negative impacts such as reducing carbon emissions, energy use and water consumption, employees are entered into our Global First Choice awards. The awards recognize and celebrate our people who are making a difference to our business. The awards are available continuously throughout the year, giving us a view into how we are living Our Brew and Our Values across the business. Annually, a select number of First Choice Presidents awards are identified, agreed by a cross-functional, cross-business unit panel. All awards can recognize teams as well as individuals.





# ALCOHOL RESPONSIBILITY

## We are successful when our products are marketed and consumed the right way.

Ensuring that our consumers and customers are provided with a quality product and are educated around responsible consumption is one of our business priorities. Maintaining our commitments to drive activity around our products, our ability to self-regulate, our innovation, and our labeling and education programs will provide confidence and reflect stakeholder concerns.

### PROGRESS HIGHLIGHTS



Alcohol responsibility programs active in each of our major markets, addressing issues such as drunk driving, underage drinking and other harmful drinking patterns



**86%**

of employees completed alcohol responsibility training in 2015



**Zero**

product or marketing campaigns withdrawn in 2015 because of non-compliance with company or local standards



Process alignment to CEO Producers' Commitments to reduce impact of harmful drinking continues

"We believe that addressing harmful drinking must involve all sectors of society – governments, civil society and the private sector – and are therefore pleased that the CEOs of the major alcohol-producing companies have agreed to a set of five commitments to address harmful drinking in a five-year program of work."

**Ann Keeling**, *President/CEO, International Alliance for Responsible Drinking (IARD), which serves as Secretariat to the CEO Producers' Commitments*

### IN THIS SECTION

- p10 Approach to alcohol responsibility
- p10 Targets
- p10 Industry Collaboration
- p11 Responsible Marketing
- p11 Responsible Retailing



## Approach to Alcohol Responsibility

**We are deeply concerned about excessive, irresponsible and underage drinking. We want our quality products to be enjoyed responsibly by those old enough to drink.**



86% of employees have undertaken Alcohol Training Refresh

All our employees are required to take alcohol responsibility training. This includes our policies and the role our people play in modeling responsible behavior in their families and communities. Our commercial employees are additionally required to understand our Commercial Responsibility Policy, to provide them with more detailed guidance on how to develop, package, market and sell our products in a responsible manner. In 2015, 86% of our employees had taken the latest training refresh course. Our Case Studies provide more detail about how we are putting our alcohol commitments and commercial responsibility into practice and how we are partnering on specific responsibility programs.



## Targets

All product design, packaging, advertising and marketing conform to Molson Coors Commercial Responsibility and local regulatory and self-regulatory standards

Every major market continues to implement and evaluate the impact of at least one major alcohol responsibility program to reduce harmful drinking and its effects

Drive internal alignment with CEO Producers' Commitments by end of 2017

## Industry Collaboration

**In October 2012, we joined with 12 other leading beer, wine and spirits companies to strengthen efforts to reduce harmful drinking around the world in five key areas.**

These [Global Commitments](#) will be implemented over a five-year time period, beginning next year.

As an active partner to these commitments, we are proud to share the launch of [ResponsibleDrinking.org](#) in May 2015. Built by the IARD to encourage responsible drinking, the website is intended to be a helpful health destination for current information on issues related to safe, legal and responsible drinking decisions. Consumers can find information about different forms of beverage alcohol, and the immediate and long-term health effects of drinking, as well as examples of when drinking is risky and why some people should choose not to drink.

This is one of a number of commitments that Molson Coors is proud to support. More information and the latest progress report can be found on the [CEO Producers' Commitments site](#).



Team in Croatia at Uklujući Savjest launch

### TURN ON YOUR CONSCIENCE – CROATIA

Uklujući Savjest (Turn on your conscience) is the responsible retailing campaign launched in 2015 by Zagrebačka Pivovara (a Molson Coors company) in partnership with the Croatian Beer Federation and Croatian Ministry of Health. It was run in collaboration with Croatian Association of Retailers and Croatian restaurateurs. The goals of the campaign are to raise public awareness in respect of the legal drinking age for the sale and consumption of alcohol by minors, of the harmful effects of underage drinking and of the harmful effects of alcohol misuse at any age.





## Responsible Marketing

**Molson Coors is committed to alcohol responsibility in all of our business practices.**

We package and label our beer in accordance with applicable laws and regulations. We advertise and sell our products honestly and in accordance with all applicable laws and regulations.

We follow the letter and spirit of industry self-regulatory codes that are consistent with our commitment to responsibility. This means, among other things, that we target our sales and marketing activities to individuals who are at least the legal drinking age or age 18, whichever is higher. Find out more by reviewing our [global commitments](#).

To learn more, see our [Global Alcohol Policy](#).



We have a broad portfolio including low- and no-alcohol products

## Responsible Retailing

**Molson Coors beers are purchased from many retail outlets for consumption on-premises (e.g., restaurants, bars, pubs, sports and concert venues) or to take-away (e.g., supermarkets, convenience stores, alcohol stores).**

Molson Coors sells our product to these retail customers either directly, or through distributor networks. As a result, we typically do not have control of how our product is served or sold.

At the same time, we believe that responsible retailing plays an important part in reducing underage and irresponsible drinking. Trained retailers can ensure that alcohol products are sold only to consumers of legal drinking age, and not sold to intoxicated consumers. Trained staff can be the first line of defense against disruption caused by intoxicated consumers. Responsible serving practices including water and food availability, safe glassware and safe-ride home services also help reduce problems.

We partner with our customers to encourage seller and server responsibility across the world. We also provide programs, support training and distribute materials (as allowed by local law and regulation) to make the enjoyment of our brands a positive experience.



Stewart Glendinning joins his peers to launch Partners for Safer Communities in Toronto

### PARTNERS FOR SAFER COMMUNITIES – CANADA

In 2015, Beer Canada launched “Partners for Safer Communities” – a joint initiative, led by Molson Coors Canada, Labatt Breweries of Canada and Sleeman Breweries, to promote the use of designated drivers, reduce the incidence of drinking and driving, and prevent underage drinking. This unified initiative is an industry first where competitors are working together to advance social goals.

Employees across Canada were encouraged to visit customers and drop off material on correct ID checking to prevent underage drinking and carrying out their Duty of Care in the responsible service of alcohol. Employees were also asked to [Take the Pledge](#) to not drink and drive, and to encourage their friends and family to do the same.

# ENVIRONMENTAL STEWARDSHIP

## Improving Our Beer Print by protecting our environment is critical to maintaining the trust of our consumers and customers and our long-term sustainability as a business.

With over 350 years of heritage behind our business, we understand the importance of brewing our beers with quality, integrity and respect for the environment in which we operate. Today, this is as important as it has ever been; addressing the environmental sustainability of our actions makes as much sense for our business and our employees as it does for our consumers, customers and the communities in which we operate.

### PROGRESS HIGHLIGHTS



**40%**

achieved of our 2020 targeted water reductions and achieved a water use ratio of 4.44 hl/hl



**43%**

achieved of our 2020 targeted energy reductions and 42% of our 2020 targeted carbon reductions, and reduced scope 1 and 2 emissions by 23,486 tonnes of CO<sub>2e</sub>, or 8.4%



**30%**

We reduced waste generated per pint of beer produced by 12.1% and reduced waste disposed in landfill by 30%



**31%**

We reduced absolute packaging weight by 31%

“This is a unique segment with intense consumer and NGO pressures to operate at very high environmental and social standards. From ingredient sourcing and packaging to supply chain and recycling, there are endless opportunities for members of the Beverage Industry Environmental Roundtable, a technical coalition of leading global beverage companies, to work together to address these challenges.

As leaders in BIER, members like Molson Coors can demonstrate a substantial collaborative body of work and a significant contribution toward quantifying and addressing the environmental impacts of beverage production.”

**Tod Christenson**, Director of the Beverage Industry Environmental Roundtable ([BIER](#))

### IN THIS SECTION

- p13** Approach to Environmental Stewardship
- p15** Water
- p18** Energy and Carbon
- p21** Waste Reduction
- p23** Packaging



Celso White, Global Chief Supply Chain Officer, opens new beer processing center in the UK





# Approach to Environmental Stewardship

**At Molson Coors we have an ambition to be First Choice for Consumers and Customers. We believe we will achieve this by doing business the right way; one way we do this is through our strategic commitment to improve [Our Beer Print](#).**



Quality checks take place at every stage of the brewing process

Improving Our Beer Print by protecting our environment is critical to maintaining the trust of our customers and consumers and therefore our long-term sustainability as a business.

## 2020 SUSTAINABILITY STRATEGY

Our 2020 Sustainability Strategy was developed in response to the environmental issues we have found to be most material to our business, water risk, energy and carbon, packaging and waste. The Strategy lays out ambitious targets for improvement and integrates how we manage energy, carbon emissions, water, waste water and solid waste.

## GLOBAL SYSTEMS AND MANAGEMENT

Our [Quality, Food Safety, Environmental, Health & Safety Policy](#) (QFSEHS Policy) outlines our commitment to control the risks associated with the safety of our people and communities, manage our impact on the environment, and ensure our products are safe and of the highest quality. It is reviewed regularly and updated based on best practice and issues that are material to our business. In 2015, our QFSEHS Policy was expanded in scope to encompass the broader life cycle impacts of our products. The policy applies to our direct operations, is practiced by all employees and promoted with our partners, contractors and suppliers. It is available to all employees on the company intranet portal and is displayed in key communication areas across our sites.

We have a global environmental management system that ensures we deliver the commitments laid out in our QFSEHS Policy and supports our business to reach our 2020 Sustainability goals. Our management systems are modeled on global best practice and international standards, specifically ISO 14001 and ISO 50001. Responsibility for the policy and management system is held at the highest level by both the CEO and Chief Supply Chain Officer.

Each year, we audit every brewery and large distribution center against our Global EHS and Our Beer Print standards using internal experts who are all qualified to ISO lead auditor status. This rigorous audit program ensures consistency of approach to environmental risk management is maintained at the highest level throughout all our operations worldwide.

We do not seek external Environmental Management System (EMS) accreditation for our sites. The rationale is simple, our results tell us that external accreditation in itself does not drive performance improvement. Our internal audit processes are extremely rigorous, and while they align to ISO 14001 on a technical level, they are more prescriptive. We have seen environmental incident performance improve dramatically since 2012 (50% ahead of a 10% reduction target in 2013 and 21% ahead of a 20% improvement target in 2014). Our sites remain fully compliant with their Intergovernmental Panel on Climate Change (IPCC) permits.



## Targets

### 2020 TARGET: WATER

Improve water efficiency by **15%** Breweries in water-stressed areas will achieve world-class water use efficiency of 3.0–3.5 hl/hl

### 2020 TARGET: ENERGY AND CARBON

Improve energy efficiency by **25%** Reduce carbon intensity by **15%**

### 2020 TARGET: WASTE

Send **zero** waste to landfill

### 2020 TARGET: PACKAGING

Reduce the weight of packaging sold by **10%** per unit of production (new in 2016)

Note: Packaging baseline is 2015, all others are 2011.



## ENVIRONMENTAL COMPLIANCE

We take any incident that impacts on the environment very seriously and ensure it is fully investigated to prevent reoccurrence.

- In 2015, we had no violations<sup>1</sup> of an environmental law or regulation
- Seven incidents met our internal criteria for a significant or critical environmental incident. Our internal definitions exceed the legal reporting requirements in our areas of operation but we feel it gives us a clearer understanding of our issues
- This result was a 63% improvement from 2014

In March 2016, Molson Coors received a fine and paid costs for contribution to contamination of a water culvert close to our former Alton Brewery (which was closed in May 2015). We feel it appropriate to disclose this incident alongside our 2015 results for additional transparency.

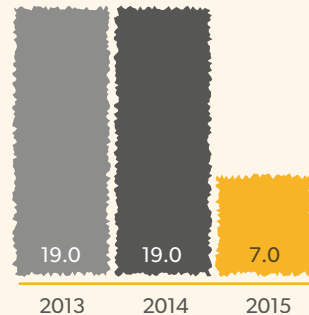
At Molson Coors, we are serious about our commitment to environmental compliance and we have a long and respectful history of maintaining the water course around the Alton Brewery site. We regret this isolated incident occurred. We wholly respect the Magistrate's decision and recognize this matter is now closed. Molson Coors acknowledges it was a contributor to an already existing problem and we will continue to watch with interest as the Environment Agency pursues its investigation into other third parties' involvement in this case.

Each of these events has been fully investigated and actions taken to prevent reoccurrence. We continue to invest significant resources against environmental risk improvement projects, primarily, though not exclusively, in the area of waste water risk management.

1. **Violation:** We use the Dow Jones Sustainability Index (DJSI) definition of a violation, i.e., a violation occurs when an authorized body (e.g., governmental body, independent commercial or non-commercial regulator) determines that a law, regulation, code, etc. related to environmental or ecological issues has been breached, and the fine or penalty is over \$10,000.

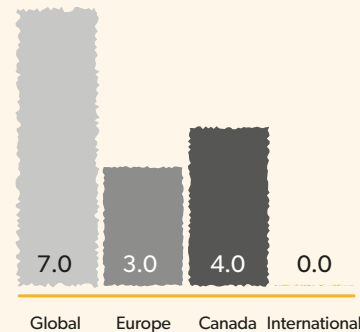
### ENVIRONMENTAL COMPLIANCE

Environmental incidents (number)



### ENVIRONMENTAL COMPLIANCE – BREAKDOWN BY REGION 2015

Environmental incidents (number)



## CHANGES TO ENVIRONMENTAL REPORTING SCOPE FOR 2015

2015 scope changes

- 2011 baseline and trend data has been modified to exclude Shobnall Maltings, which was sold in 2015
- 2011 baseline and trend data has been modified to exclude Alton Brewery, which was decommissioned in 2015
- Plovdiv Brewery in Bulgaria was closed in 2015 with volumes shifting to our Haskovo Brewery and with the intention of rebuilding a smaller craft brewery on the Plovdiv site. Due to the shift in volumes and expected operations to continue in the future on the site, the baseline and trend data was not modified in this case
- A micro-brewery on Granville Island in Vancouver, Canada was included for the first time in 2015. It was not included in previous years due to data availability and the immaterial size of the operations. 2011 baseline and trend data has been modified on the basis of 2015 activity data.





# Water

## Without great water we cannot make great beer!

A commitment to good water stewardship and ensuring water as a sustainable resource is part of Molson Coors' heritage and future. The quality of our beer is directly tied to the quality of the water we use to produce it, and the sustainability of our business depends on a secure supply of high-quality water. For this reason, protecting the water resources in our communities is a central part of Our Beer Print. Water is a key ingredient in our products and we are committed to protecting the watersheds we source our water from.



### DIRECT OPERATIONS

In setting our 2020 water targets, we have taken a risk-based approach to ensure we are focusing on the right elements of water for our business and the watersheds in which we operate. Each of our breweries undertakes detailed watershed risk assessment and also completes our Water Risk Index. This allows us to set targets that focus resources to drive the right behavior on water, reducing risk across the enterprise.

In addition to increasing water use efficiency, we also focus on waste water treatment. The cornerstone of our [2020 Sustainability Strategy](#) is a commitment to invest in anaerobic waste water treatment and generate clean energy from this waste stream. This technology allows us to treat our waste water to a high quality and generate biogas that can be used to produce heat or electricity needed in our breweries. More information can be found in our [case study here](#).

### WATERSHED STEWARDSHIP

Water is a local issue. Each of our breweries is in a unique water situation based on location. Across our network we have sites that are supplied by municipal water sources while others source from surface or ground water. We have a number of breweries that have their own waste water treatment and others that utilize municipal treatment works. This variety means we need a flexible system to monitor and respond to changes in water risk and impact over the short and long term.

We invest significantly in capturing the best data on each of the watersheds we operate in, to understand our risks, impacts and opportunities. We have developed our own Water Risk Index to consolidate water risk information for each brewery. This tool takes a detailed look at water use, costs, sourcing, supply, regulation and governance, allowing us to identify and address potential concerns and where best to invest in mitigation efforts. To manage our water availability, we:

- Improve water efficiency within our plant with the objective of mitigating risk exposure and keeping pace with best practice
- Manage the supply to ensure we are responsive to constraints and have alternatives
- Engage with local and regional stakeholders to ensure sustainable use of the watershed by all

### SUPPLY CHAIN

We actively look for ways to engage with our supply chain partners around water. For Molson Coors, long-term water availability and the potential of climate change trends are key factors that we consider. We have work underway to understand our long-term supply chain structure, especially in relation to supply of agricultural products. We engage our partners with our [Standards for Suppliers](#), which extend our corporate responsibility practices to our complex supply chain, challenging our suppliers to set similar commitments to reduce their impact on environmental issues including water.

We continue to work to further embed sustainability into the way we procure goods and services through our sustainable procurement program.

A great example of how we are actively engaging our partners is our [Molson Coors Growers' Group](#). In the UK, we have direct links to our barley growers. We have worked with LEAF ([Linking Environment and Farming](#)) to develop the LEAF Water Management Tool, enabling any LEAF partner to develop their own water management techniques. Following feedback from our growers we simplified this approach to create a [Simply Sustainable Water](#) brochure, which is freely available to our entire growers' group as well as other barley growers.

#### WHAT IS WORLD-CLASS EFFICIENCY?

Global brewing benchmark studies indicate world-class water intensity as being between 3.0 and 3.5 pints of water to make one pint of beer, depending on the complexity of the brewery's product mix. We undertake benchmarking of water and energy efficiency performance each year through the BIER.



Molson Coors Barley Growers share best practice on water management



## COMMUNITY ENGAGEMENT AND COLLECTIVE ACTION

We believe that working with others on water stewardship is critical. Not only does it allow us to gain a greater understanding of water in the communities in which we operate, it also helps us to find solutions that ultimately help us meet our own goals. We work with others in a number of ways. We reach out to the communities who share our watersheds. Where we have identified higher-risk sites we have a more formal outreach in place. In a number of our breweries, we have been instrumental in creating community forums to protect local watersheds, some of which have been active for many years.

Molson Coors is an active member of the [BIER](#), a partnership of leading global beverage companies working together to advance the standing of the beverage industry in the realm of environmental stewardship. An example of the collective work on water from BIER is the True Cost of Water Tool that helps breweries to develop a clearer view of the cost associated with the water they use in terms of actual prices, energy and other inputs, and water treatment costs. Data generated can support better payback models and so investment decision models.

**In Canada**, we are seeing more opportunities to work with others in our watersheds toward common goals; an example of this is the Toronto Water Leaders' Forum. As part of Partners in Project Green, the forum aims to bring all relevant stakeholders together to discuss urban watershed management.

Opening of new sanitation facilities for the community in Patna, India



**Our Patna Brewery in India** is located in an area where not all members of the community have access to adequate clean water and sanitation. Over the past two years, we have worked with [Water For People](#) in 11 communities and two schools, providing or improving water infrastructure and education to increase the sustainability of these projects in the communities. 1,278 people gained access to improved drinking water facilities including 353 school-aged children.

## PUBLIC POLICY

Each brewery is in a unique water situation based on location, local government and national government structure. Some of the breweries are served from municipal sources, while others are on well or direct-flow sources. Molson Coors tracks regulatory risks at each brewery, based on local trends.

Our heritage and position on water sustainability has enabled us to have a "voice at the table" of policy consultation and related activity. At a global level, we are actively engaged in the conversation on how to manage water risk, through the CEO Water Mandate, where we also sit on the Steering Committee, [BIER](#) and industry bodies. This work and our network of water experts mean we are able to see the trends, and estimate how this may turn into regulation and on what timescale. Much of the work we do on reducing our water risk is ahead of regulation. Our view is that we should act now to reduce our risks, mitigate cost increases, retain the right to operate in our communities and because we believe it is the right thing to do.

## TRANSPARENCY AND DISCLOSURE

Our strategy is governed by the global Water Management Team, responsible for the company's water supply, management and sustainability. In addition, each brewery has dedicated employees responsible for water and environmental sustainability.

Water reduction targets are included in the Chief Supply Chain Officer's performance plan and are also tied to employee incentives.

We are able to robustly track water use in each brewery by process and account for production ratios.

We share our approach to water with our stakeholders through transparent reporting on our [website](#) and our online [Our Beer Print Report](#), and we report water and climate risk in our [2015 Annual 10-K](#).

We are signatories of the UN CEO Water Mandate and annually publish a [Communication on Progress](#).





## OUR PERFORMANCE

We measure our performance by the intensity of water used per unit of beer produced.

For 2015, we set ourselves an internal target of 4.47 hectoliters (hl) of water per hectoliter of beer produced, and we achieved a water use ratio of 4.44 hl/hl.

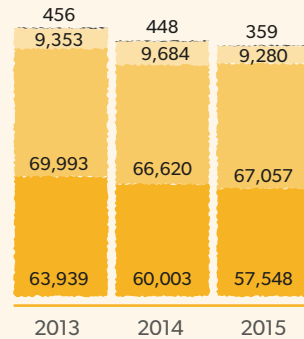
- We used over 233,000 liters less water in 2015 than in 2014, the equivalent of 468 households' average annual use

### PROGRESS TOWARD OUR 2020 TARGETS:

- We have achieved 40% of our 2020 water reduction target and are positioned to deliver on our commitment
- We have invested in greater capacity to deliver further water savings by means of better metering and monitoring of water use through our DollarSense utility monitoring platform, which is now live in selected Canadian and European breweries

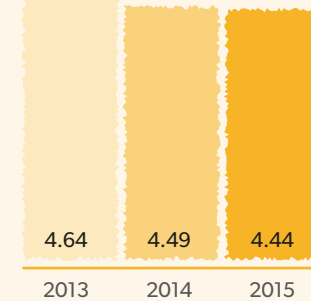
WATER USE TRENDS AND BREAKDOWN BY REGION (KHL) 2015

#### Water use (khl)

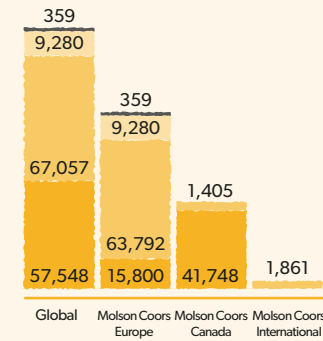


- Municipal
- Ground
- Surface
- Water returned to source

#### Water intensity (hl) Hl of water used per hl of beer produced

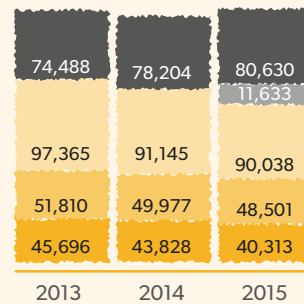


#### Water use by region (khl)



- Municipal
- Ground
- Surface
- Water returned to source

#### Significant investments - MillerCoors water use (khl)



- Municipal
- Ground
- Surface
- Rain water harvested
- Water returned to source

Since 2011, we have reduced our total water use by 10.5%, that's equivalent to the annual water use of over 2,300 US households



Our **Cobra brands charitable foundation**, which provides health, education and community support in South Asia, entered into a partnership with WaterAid and Belu. 100% of profits of specially designed bottled water sold will be donated to WaterAid.



# Energy and Carbon

**Producing more while using fewer resources is a business priority for Molson Coors. This reduces our impact on the environment and our surroundings, but is also key in meeting many of our financial goals as a company.**



We are committed to reducing our energy use and carbon emissions to minimize our contribution to climate change and improve Our Beer Print. In 2012, we set our 2020 goals (from a 2011 baseline):

- Reduce carbon intensity by 15%<sup>1</sup>
- Improve energy efficiency by 25%<sup>2</sup>

## 4%

increase in renewable heat generated from waste-to-energy technology

Our energy efficiency and carbon intensity targets are complementary and are designed to both reduce the overall energy footprint of our operations and incentivize the use of cleaner fuels and alternative renewable energy sources. The 10% difference between the two objectives is due to the very low relative carbon intensity of our energy consumption in Canada (where electricity is largely generated by hydro power), while the largest opportunity for energy saving also lies within our Canadian operations.

### INTERNAL OPERATIONS

To drive change across our business, engage employees and meet our goals, we have a number of long-running global programs to make that step change and have set out a plan to achieve the necessary reductions as part of an Enterprise Sustainability Strategy. The principal elements relating to carbon emissions and energy reductions are:

- **Alternative Energy Solutions:** The recovery of biogas from brewery waste water for generating heat or electricity to use in our processes is a more efficient, carbon neutral use of natural resources.

- **Our Beer Print Pillar:** Part of our World Class Supply Chain continuous improvement program to engage and drive change through our employees, outlined in Global Systems and Management ([here](#)).
- **DollarSense:** A combination of energy management software and business processes to support greater accountability and visibility of energy use within our sites. This provides employees with tools to act with greater agility and autonomy in solving problems and implementing opportunities for energy and carbon savings. Kicked off in 2014, the system is currently live in four of our sites and will be implemented in all sites by 2016.

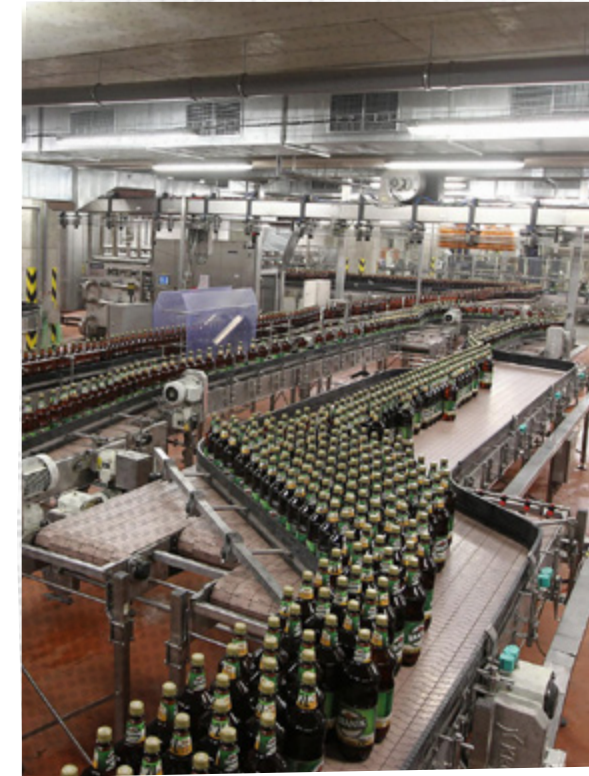
### OUR SUPPLY CHAIN

Our commitment to improve Our Beer Print extends beyond the borders of our breweries. We engage with our supply chain to find ways to reduce energy use and carbon emissions, initially by improving the data we capture and report on carbon emissions. In 2014, we continued to make progress in this regard, primarily through cooperation with other beverage companies within the BIER to generate a standard methodology to calculate the environmental footprint for beer.

We engage directly with suppliers on improving Our Beer Print. A number of sustainability criteria are now integrated into our Supplier Quality Scorecard process. Along with other key indicators (such as quality) we are tracking the energy, carbon and water savings our suppliers are delivering on the goods and services we purchase. We have prioritized packaging and raw materials (such as malt and barley) for the Sustainability Scorecard rollout process, based on the importance of these categories to both environmental footprint and spend.

### TRANSPARENCY

Detailed reporting of our carbon emissions is available on the [Carbon Disclosure Project website](#) through our [Carbon Disclosure submission](#).



1. Carbon targets include all production sites and company-owned distribution. The energy target also excludes offices that represent less than 1% of total energy consumption. As a result of the exclusions, the coverage of the targets (emissions included in the target calculation as % of total scope 1 and 2 emissions) is 92%.
2. The energy intensity objective is an industry standard applied to breweries with the denominator expressed in hectoliters. It does not include non-production sites such as distribution, offices or the maltings facility in the UK due to the production being in dry tonnes as opposed to hectoliters. The resulting coverage of the target is 86%.



## OUR PERFORMANCE

We measure our performance in energy and carbon on the intensity of energy used and carbon emissions per unit of beer produced. Normalized per hectoliter performance:

- In 2015, we set ourselves an annual target of 115.8 MJ total energy use per hectoliter of beer produced (MJ/hl)
- We did better than target, achieving 113.1 MJ/hl, a 3% reduction from 2014 levels
- Our focus for energy in 2015 was on investment in waste-to-energy to reduce our carbon intensity and we achieved a 4.4% increase last year in renewable heat generated
- As a result of greater energy efficiency and the investment in renewable heat, we reduced the carbon intensity of all operations by 7.2% from 9.2 to 8.6 kgCO<sub>2</sub>e/hl



Molson Coors Tower Brewery, Tadcaster, UK



**ABSOLUTE PERFORMANCE:**

- Total energy use fell by 7% from 2014 levels
- Reduced our scope 1 and 2 carbon emissions by 23,486 tonnes of CO<sub>2</sub>e, or 8.4%

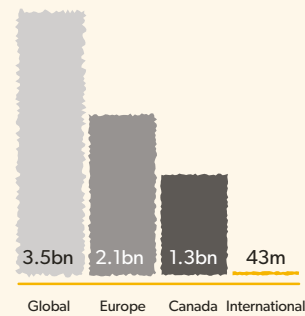


**PROGRESS TOWARD 2020 TARGETS:**

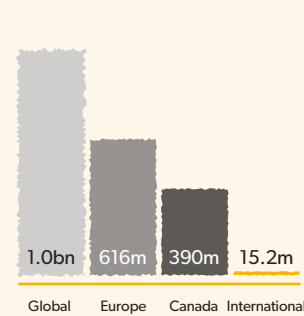
- Achieved 43% of our 2020 energy reduction target with five years remaining, and are positioned to deliver on our commitment
- Achieved 42% of our 2020 carbon reduction target with five years remaining, putting us on a path to over-deliver on our commitment
- Invested in greater capacity to deliver further energy savings by means of better metering and monitoring of water use through our DollarSense utility management information system, which is now live in selected Canadian and European breweries

**ENERGY USE – BREAKDOWN BY REGION 2015**

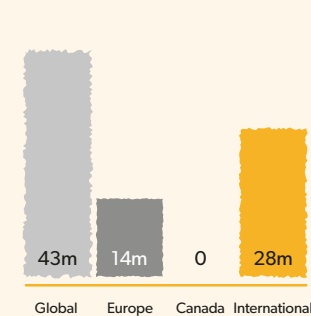
**Energy use (MJ)**



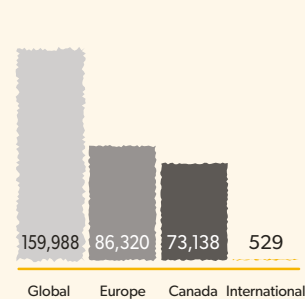
**Electricity purchased (MJ)**



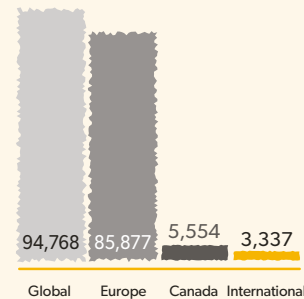
**Renewable heat generated (MJ)**



**Scope 1 emissions (tonnes CO<sub>2</sub>e)**

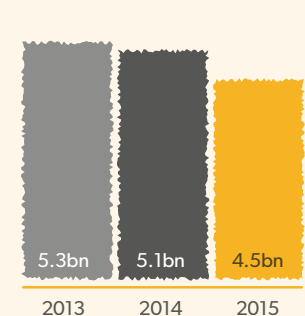


**Scope 2 emissions (tonnes CO<sub>2</sub>e)**

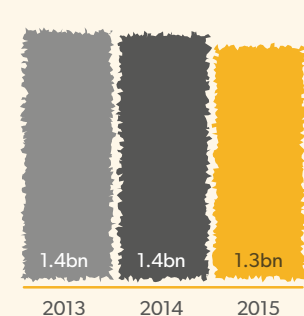


**SIGNIFICANT INVESTMENTS – MILLERCOORS**

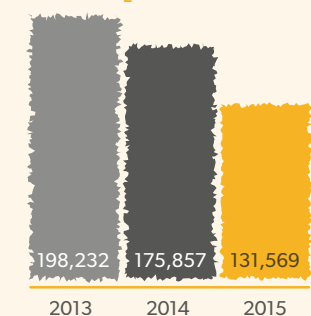
**Energy use (MJ)**



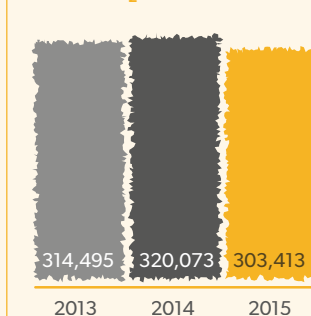
**Electricity purchased (MJ)**



**Scope 1 emissions (tonnes CO<sub>2</sub>e)**



**Scope 2 emissions (tonnes CO<sub>2</sub>e)**





# Waste Reduction

**As Bill Coors said over 50 years ago, "Waste is just a resource out of place."**



The team in Montenegro encouraging recycling as part of a waste minimization activity

How wastes are disposed of both in our breweries and across our product life cycles is an important driver of our products' environmental impact and of the total cost of goods. Our recent stakeholder survey carried out in 2014 indicated that waste (and packaging) is of high importance to customers and we know that it's an area high on the governments' agendas in many of the countries in which we operate. We embed our waste strategy within Our Beer Print agenda, which includes minimizing the natural resources we consume, being as efficient as possible with those that we use and reducing their associated environmental footprint.

We set a global waste target as part of our [2020 Sustainability Strategy](#):

- We commit to all of our operations being landfill-free by 2020

Currently, we dispose of 16% of our solid waste streams to landfill. We are already some way along the road to meet our target; with four major breweries already landfill-free. To reach our target, first we need to understand if the waste stream can be eliminated. Second, we need to determine how we can maximize its usefulness through re-use or recycling.

Internally, our waste reduction target is governed through the Global Governance Team and our brewery managers who are incentivized to achieve our waste targets. Externally, we see that there is great potential to work with our suppliers and customers to find innovative solutions to waste challenges to achieve this goal.

Over the last year, we have made progress on our zero landfill target in two main areas:

1. As part of our World Class Supply Chain continuous improvement program to engage and drive change through our employees, outlined in Global Systems and Management ([here](#))
2. Performed detailed gap analysis and waste audits on each site to understand the opportunities and challenges for each site, and created detailed plans of how we will achieve our 2020 targets

The resource efficiency agenda is also important beyond our landfill reduction target. Currently, our co-products of spent grains and yeast are sold as cattle feed, or to make products such as Marmite. There is great potential to upgrade our co-products into even more valuable materials and this is a key area of research for our Innovation Team. See more details in our [case studies](#).

We also recognize that our packaging waste is an important part of the life cycle impacts of our products; find out what we are doing to reduce this [here](#).



Diverted 4,888 tonnes away from landfill since 2011

**OUR PERFORMANCE**

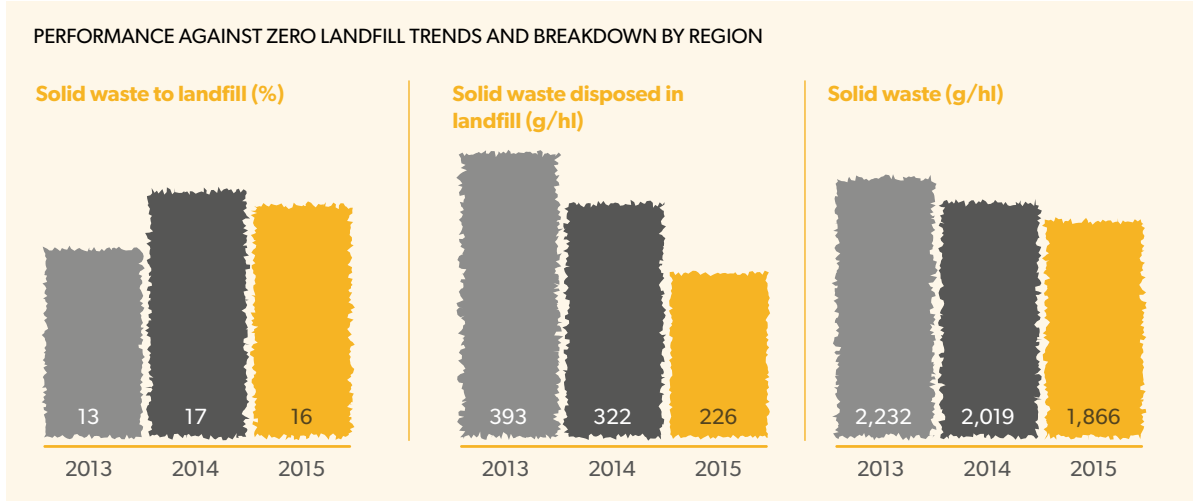
Our 2020 target focuses on reducing the overall environmental impact of the waste we generate. Increasing recycling rates and reducing the total waste we generate is also a key focus. In 2015:

- We disposed of 12% of the solid waste we generated in breweries, offices and distribution in landfill
- We reduced the amount of waste disposed in landfill by 30%, 96 grams less per hectoliter of beer than in 2014
- We reduced the amount of total waste generated per hectoliter of beer we produced by 8% from 2014 levels

**PROGRESS TOWARD 2020 TARGET:**

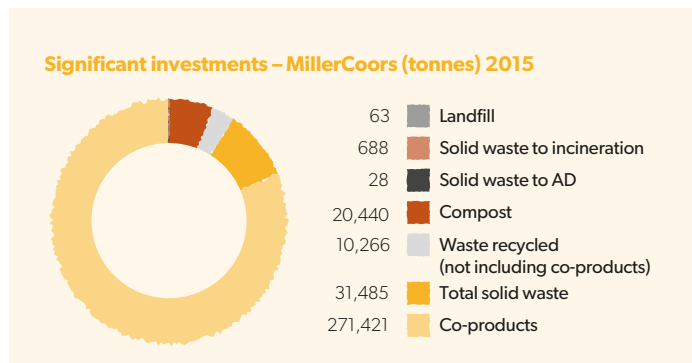
- We achieved zero landfill in Toronto, Canada and Smichov, Prague, Czech Republic Brewery
- Alongside Burton and Tadcaster in the UK, brings total landfill-free breweries to four

Our waste data comprises solid waste sent to landfill, solid waste incinerated, solid waste to anaerobic digestion (AD), compost and solid waste recycled. Spent grain and yeast is a co-product of the brewing process. Where we sell these products for use as animal feed, we do not include them in consolidated group waste stream reporting or include them in the percent disposed in landfill calculation; we treat them as valuable products and they are subject to our food safety standards.



**RESOURCE EFFICIENCY BY REGION (TONNES) 2015**

	Global	MC Europe <sup>1</sup>	MC Canada	MC International
Landfill	6,730	2,104	3,680	946
Solid waste to incineration	4,059	1,817	2,242	0
Solid waste to AD	8	8	0	0
Compost	2,755	2,510	245	0
Waste recycled (not including co-products)	42,009	20,342	20,553	1,115
Total solid waste	55,561	26,780	26,720	2,061
Co-products	392,301	298,645	89,708	3,948



**Zero Waste to Landfill**

Four of our breweries are now landfill free (Toronto in Canada; Smichov, Prague in the Czech Republic; and Tadcaster and Burton-on-Trent in the UK). We currently dispose of 12% of our waste to landfill across our global operations. Our continuous landfill avoidance initiatives save Molson Coors in excess of \$500,000 annually.

1. MCE includes UK and Central Europe.





# Packaging

**The packaging materials we use in our products are essential to the delivery and enjoyment of our products by our consumers; however, they can account for up to 50% of an individual product's footprint.**



Minimizing packaging on brands, such as Carling in the UK, reduces our environmental impacts and supports our customers' environmental agenda

Packaging plays a critical role to contain, protect, preserve, transport, inform and communicate our brands to our consumers. As part of our ambition to deliver First Choice for Consumers and Customers, we are committed to delivering packaging that meets or exceeds expectations for performance, product integrity, consumer safety and environmental sustainability. We see this as part of delivering on Our Beer Print agenda. As stated in our global [Packaging Policy](#), we are committed to:

- Reduce the amount of packaging used
- Re-use packaging where possible
- Collect and recycle all packaging materials or educate the consumer in the recyclability of our packaging
- Support Our Beer Print agenda

In 2016, Molson Coors set a new long-term strategic packaging goal to reduce packaging weight by 10% by 2020 per unit of production (baseline 2015). The scope for the goal will include all owned production facilities, including the Molson Coors International (MCI) business.

To achieve this, we will focus on:

- Increasing or adding recycled content of materials where possible
- Expanding consumer engagement in recycling efforts
- Continued use of sustainably certified materials for our packaging
- Packaging optimization through weight and format

## SUSTAINABLE DESIGN

The majority of Molson Coors' packaging materials are recyclable, refillable and/or light-weighted. All of our bottles and cans include recycled materials, and many consist of up to 75% recycled content.

To create sustainable packaging – from concept design to packaging finalization – we systematically consider metrics including:

- Greenhouse gas emissions (tonnes CO<sub>2</sub>e per unit of production)
- Distance to transport
- Recycle content
- Recovery value

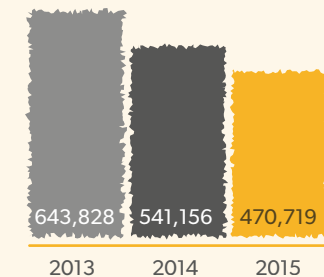
Recent redesign and product introductions include:

- The Cobra 660ml bottle was light-weighted in the UK as a result of a new supplier negotiation. A 10 gram reduction per bottle was achieved, giving an annualized weight saving of 173 tonnes. This change was implemented at the end of March 2013, providing a 135 tonne saving for 2013.
- We invested £6.3 million in state-of-the-art packaging technology in the UK, and packaged the UK's leading brand Carling in film instead of cardboard from June 2011 onwards, reducing the weight of secondary packaging by 63% and reducing carbon emissions by 4%. [Learn more.](#)
- We eliminated 5 grams of polyethylene terephthalate (PET) from each bottle (an overall reduction of 120 tonnes in Central Europe), with a cost saving of \$175,000 annually. Through a series of line testing and quality control testing, we also reduced the overall steel gauge thickness of our bottle crowns, a reduction of 130 tonnes of steel annually and a saving of \$70,000.

## OUR PERFORMANCE

In 2012, we set a goal to achieve 4% absolute reduction in primary packaging weight by 2015. The goal was based on primary packaging only. Since then, we have improved data collection approaches to include secondary packaging. In 2014, we collected both primary and secondary packaging usage data for the first time. We re-baselined our 2012 and 2013 data to include secondary packaging. In 2015, we revised our 2015 target and committed to reduce packaging weight by 25% from a baseline of 2012. We exceeded that annual target and reduced packaging by 31%.

PACKAGING SOLD GLOBALLY (TONNES)<sup>1</sup>



**31%** reduction in packaging weight (against 2012 baseline)

1. Molson Coors International (MCI) was not included in the 2015 target; it is included in the 2020 target. Excluding keg volumes.

# EMPLOYEES AND COMMUNITY

**“We are all members of a larger community which depends on everyone playing a part.” – John Molson**

While our company has expanded around the world, our roots and character have remained local. We’re made up of dozens of local breweries and offices where our employees and our iconic brands are a part of the fabric of the community. These are the places where we live, work and connect. It makes sense that our integrity and responsibility would characterize our approach to how we work together.

## PROGRESS HIGHLIGHTS



**\$7.1m**

In 2015, we invested 1.75%, \$7.1 million of pre-tax profits in community investments



**5,000**

Almost 5,000 employees engaged in 2015 Our Beer Print Month activities with over 50 events across our business



**8%**

2015 people engagement increased by 8% globally, and increased independently in every business unit



**Zero**

On track to meet our ambition of zero harm to our people by 2020



“We welcome the Molson Coors initiative ‘Staropramen: Festivals Without Barriers.’ We are experiencing a boom of corporate social responsibility projects these days. However, only a fraction is focused on helping and supporting people with disability. That’s why we decided to support this project actively, collecting plastic and metal caps and raising awareness of disability.”

*Václav Krása, Chairman of the Czech National Disability Council*

## IN THIS SECTION

p25 Our Employees

p27 Wellness and Safety

p29 Community Investment



The ninth year of volunteer projects focused on helping the communities around our breweries in Prague and Ostrava, in the Czech Republic





# Our Employees

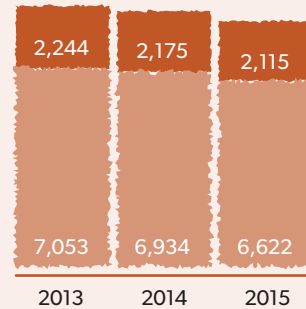
**At Molson Coors, our business aspirations are on the audacious side. We dream big and work hard. That means we need people on board who want to do the same. We know that attracting, developing and retaining the best talent – talent that reflects the diversity of our marketplace – is key to our success.**

Both culturally and as a business strategy, we pay attention to the development, engagement and wellness of our employees. We actively listen to and act on their views particularly through our annual People Survey, knowing that highly engaged teams deliver the best business results. We strive to create a workplace where people who are passionate about the beer business can thrive.



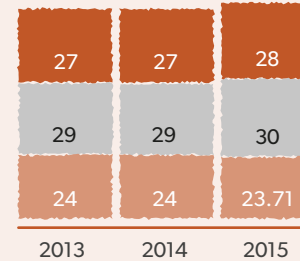
Borsodi Community Day:  
Twisting for the City of Böcs, Hungary

Total employees by gender (number)



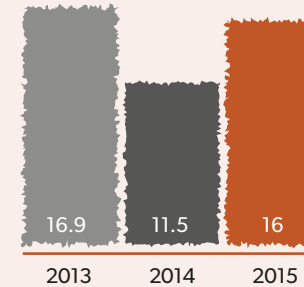
Female  
Male

Female employees (%)



Top<sup>1</sup> management that is female  
Management that is female  
Employees that are female

Employee turnover rate



EMPLOYMENT PROFILE 2015	APPROXIMATE NUMBER OF EMPLOYEES	% UNDER UNION
Corporate Center (US)	189	0
Canada	2,381	57
Central Europe	4,027	42
UK	1,935	25
International	390	0
<b>TOTAL</b>	<b>8,922</b>	<b>40</b>
MillerCoors (joint venture with SABMiller)	8,077	33



Visitors enjoying the festival atmosphere, Czech Republic

## STAROPRAMEN FESTIVALS WITHOUT BARRIERS – CZECH REPUBLIC

At Molson Coors we believe in creating platforms for sociability and inclusivity, and in using the power of our brands to connect people for positive outcomes. Through Staropramen in the Czech Republic, we have taken this literally and used the power of our consumers and employees to create a sociable and inclusive environment for all. By collecting and recycling plastic and metal bottle caps, we have been able to convert this potential waste product into platforms and ramps that have been used at Czech music festivals to increase access and mobility for visitors with disabilities.

As well as providing flexibility to move around the festival site more easily, we have provided a platform (part of it also made of recycled caps) to allow wheelchair users the ability to get closer to the music and feel more involved in the atmosphere and event.

See more: Watch a great summary video in [English](#) or [Czech](#).

1. Includes Executives and Senior Management.



## EMPLOYEE ENGAGEMENT

Attracting, developing and retaining the best talent is our single most important challenge. That is why we put tremendous energy into listening to and acting on the views of our employees. We know that employee engagement has a direct link to our business performance. More engaged employees have better safety records, higher performance and less absenteeism.

Through [Our Beer Print](#), we continue to educate, raise awareness and promote environmentally and socially responsible habits and opportunities for our employees and company in areas including environmental conservation, community volunteerism and alcohol responsibility.

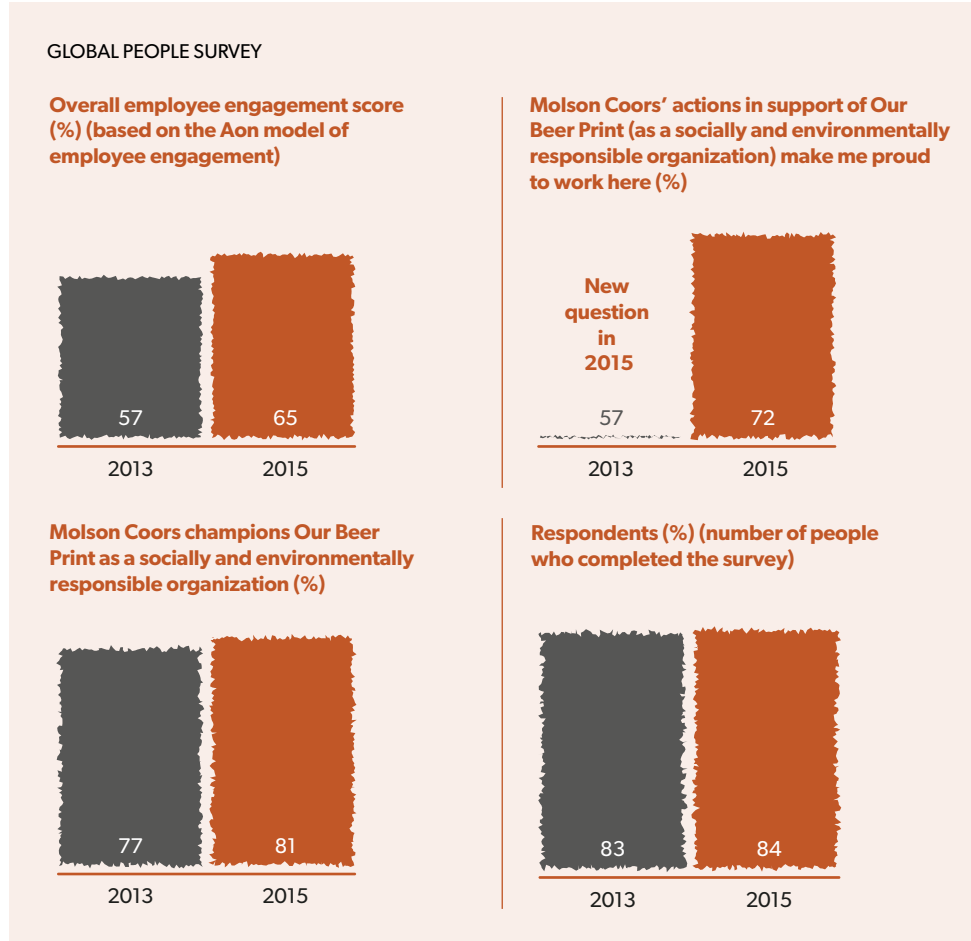
## OUR BEER PRINT ENGAGEMENT AND TRAINING

All employees are educated on our CR Strategy, Our Beer Print, which is incorporated into all new employee induction programs. Existing employees are engaged in different themes across the year, such as Alcohol Responsibility Training, Business Performance Updates or a Code of Conduct refresh.

Every year, we hold an [Our Beer Print Month](#). The month focuses on increasing awareness of the key strategic areas of our CR program and is an opportunity to build recognition and pride in Our Beer Print achievements. We also take the opportunity to encourage our employees to come together and create positive activities across our regions and in our communities by organizing fundraising events, community engagement and volunteer activities.



Serbian employees organize the collection of materials for recycling at Belgrade Beer f for Our Beer Print Month



Canadian employees engaged in an anti-drink and drive pledge which was also shared with friends and family



## Targets

1. Continuous improvement in people engagement across all business units measured through our employee survey every two years
2. 10% improvement in Health & Safety performance year over year to 2020

## GLOBAL EMPLOYEE SURVEY

Employee engagement is measured through our Global People Survey, conducted by an independent party. The survey asks employees a number of ethical, social and environmental questions strongly related to employee engagement. We look to the survey results to help identify both areas for improvement and areas of strength on which to build.

In 2013, we took the decision to deploy the survey every other year rather than every year, to allow for the teams to focus efforts on action planning against the survey indicators. We have implemented a global process where we focus on top drivers across the entire business. We completed our most current survey in fall 2015 and saw a positive trajectory and growth in the areas the business focused on as a result of the 2013 survey.





## DEVELOPMENT AND REWARDS

Engaging and developing our people is a top priority at Molson Coors and listed as one of four focus areas for the company in our strategic plan. Career paths and developmental opportunities are a cornerstone of employee engagement. Our Talent Management Planning process reviews the current performance and future potential of all management employees throughout the company, and focuses on development plans. The process gives us a consistent, global method for getting the right people with the right skills in the right roles, at the right time. The review is closely aligned with Our Brew and our Performance Management System, using these frameworks to assess talent, potential and performance.

We offer an outstanding total compensation package because, simply put, we want the best talent out there. We offer a competitive salary and bonus program based on getting results, and we offer flexible benefits so our people choose what's important for them.

## DIVERSITY AND INCLUSION

Our Brew describes our culture and who we are: "...a company of diverse backgrounds, cultures and ideas, but our common set of values unites us and helps guide our decisions and actions." We know that, to win as a responsible business, we must create and support a culture of inclusion among our employees, suppliers and consumers.

At Molson Coors, our emphasis is not just on diversity of race, ethnicity and gender but on diversity of perspectives, experience and background. We believe that this is fundamental to our success. We hold true that diversity and inclusion, when unified with common values and mutual respect, powers greater innovation and that diverse teams will outperform. With the continued integration of the Central European business, we have worked to not only incorporate the businesses together but also promote leaders from Central Europe into global roles where they can influence the business, and bring new practices and experiences to the organization as a whole.

# Wellness and Safety

**Molson Coors has a global commitment to doing business the right way. Health and safety at work is firmly part of this commitment. The safety and wellness of our people is fundamental to their engagement and we are actively working to build a workplace culture that embraces wellness and safety.**

Since the introduction of our [Quality, Food Safety, Environmental, Health & Safety Policy](#) over a decade ago, we have improved our performance in this important area significantly by developing and executing country-specific programs and initiatives to improve safety at work. In 2011, the introduction of Safety the Molson Coors Way formalized our commitment to drive the right behaviors and highlight the importance of creating a culture of safety across our global network. It encompasses effective communication about safety through structured team meetings, hazard spotting and management in the workplace, behavioral safety, robust investigation when things go wrong and a world-class approach to occupational health. Safety the Molson Coors Way has now been deployed in all of our breweries, offices and distribution centers.

Our benefits packages are also designed to promote healthy lifestyles and work-life balance. We offer our

employees numerous health benefits that are tailored to the employee's needs and culture by business unit and work location. Health and wellness, as well as healthy work-life balance through flexible work scheduling, are emphasized and a key part of the company culture.

Employees are offered a full range of health benefits dependent on their business/region, as each business crafts the benefits according to their employee population. In some locations, this means employees choose medical plans, dental coverage, vision coverage, short-term disability and long-term insurance.

Our Employee Assistance Programs (EAP) provide free and confidential assistance in areas such as family and personal relationships, personal crises, depression, anxiety, family care, financial and legal concerns, as well as health and wellbeing issues.





## MANAGEMENT

We also set a long-term target to deliver a 10% improvement in the health and safety performance of our employees and contractors year over year to 2020, where we hope to have achieved our vision of “zero harm to our people.” Delivery of our safety programs is executed through our Global Governance Teams. Our Global Director of Environment, Health and Safety (EHS) and Sustainability (working for our Vice President of Global Technical Governance) works to drive enterprise-wide alignment of processes, standards and audit programs so that every part of the Molson Coors business runs EHS compliance to the same high standard. The Chief Supply Chain Officer holds ultimate accountability for our health and safety performance.

A key foundational element of Safety the Molson Coors Way is our EHS Pillar. This is part of our World Class Supply Chain program and sets out the technical and organizational requirements every facility has to implement to comply with EHS standards. All our locations worldwide undergo a thorough, week-long audit of the implementation of the EHS Pillar using internal experts who are all qualified to ISO Lead Auditor standards every year. The closure of identified improvement actions from these audits are tracked monthly and reported to the Global Chief Supply Chain Officer, and we take a zero-tolerance approach to overdue corrective actions.

## OUR PERFORMANCE

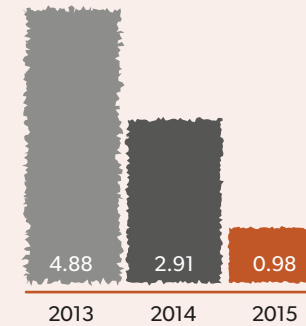
We remain on track toward our 2020 ambition of zero harm to our people. In 2015, we continued to significantly improve our safety performance, with the Lost Time Injury Frequency Rate being reduced by 66%. Since 2012, we have reduced the incident rate by 86% worldwide. This is significantly ahead of the 10% year-on-year improvement glide path we set ourselves to achieve our ambition of zero harm by 2020. Our program has so far allowed us to dramatically improve safety performance, but we recognize that to reach our ambition of zero harm by 2020, the improvements going forward will involve deeper behavior and culture change that will take time. For this reason, we believe we are on the correct track to 2020 and it is appropriate for this target to remain.

We have had zero fatalities of employees or contractors on any of our sites.

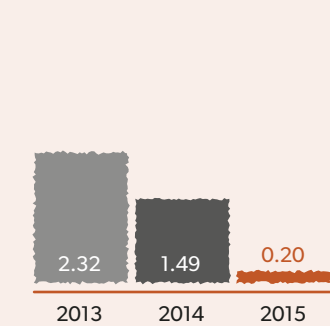


Safety the Molson Coors Way has been deployed in all of our breweries, offices and distribution centers

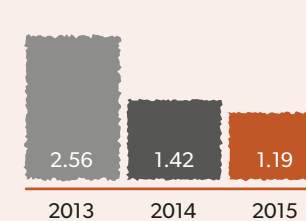
Lost Time Injury Frequency Rate (LTIFR) (n/million hours worked)



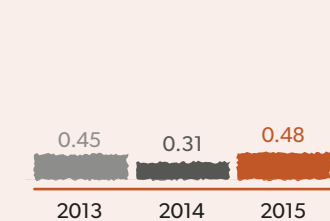
Lost Time Injury Frequency Rate (LTIFR) – contractors (n/million hours worked)



Lost Time Injury Frequency Rate (LTIFR) – employees (n/million hours worked)



Occupational Illness Frequency Rate (OIFR) – employees (n/million hours worked)





# Community Investment

**Around the world, Molson Coors Brewing Company invests in the communities where we do business, supporting activities that engage people in active and healthy lifestyles that improve their communities.**

2015 CONTRIBUTIONS (USD)	MOLSON COORS	MILLERCOORS
Cash contributions	1.7m	4.9m
In-kind giving	111,738	
Employee volunteering during paid working hours	81,101	293,129

To be effective community investors, Molson Coors adopts standards, ethics and sponsorship practices that represent the company as an active and valued member of the communities where it does business. Our community investment program is aligned to our CR business strategy called Our Beer Print. Our Beer Print community program is focused around three global themes: Alcohol responsibility – Watershed sustainability – Community cheer.

Molson Coors investments are made locally, reflecting the different needs and practices in our markets and communities. See our [case studies](#) for examples of how we are making strategic community investments. We ensure these investments are chosen to directly relate to our business objectives. Molson Coors promotes active and healthy lifestyles with beer in moderation as part of that. [Our resources](#) extend far beyond corporate donation. Much of this investment happens in the course of doing business, through our employment practices, our purchase of materials and services within communities, and our investment in sports, music and other activities that promote our brands.

## VOLUNTEERING

Volunteering has become a part of our employees' lives around the world. Quite unlike a company-mandated charitable program, volunteering here is employee-driven; we just look for ways to support and enhance their efforts. Our global [Volunteer Policy](#) aligns our regional best practices.

Over **500** employees volunteered in Our Beer Print Month 2015

For example, the idea of teambuilding used to involve a group of employees heading off-site for a bowling game and a beer. Today, our employees request that their teambuilding activities are for the benefit of the community, and groups work with our community investment professionals to identify and select worthwhile projects and worthy organizations wherever we operate. Serving our community together is how we improve our working relationships on the job, and this is true from our Leadership Team to every employee.

Hundreds of employees across the company increased our positive Beer Print during September for our second Our Beer Print Month, [learn more here](#).



Community days in the Czech Republic are well supported by our employees

### COMMUNITY DAYS – CZECH REPUBLIC

For the ninth year, 180 employees in the Czech Republic joined Community Days focused on helping local municipalities and not for profits to revitalize parks and public spaces around our breweries in Prague and Ostrava. Our global [Volunteer Policy](#) lets employees take up to one work day of volunteer time each calendar year to donate their time to company sponsored and approved volunteer events during work hours.



## Targets

Our global target is to invest 1% of pre-tax profits to our corporate citizenship contributions.<sup>1</sup>

In 2015, we contributed 1.75%, \$7.1 million. This figure is made up of cash contributions, in-kind employee volunteering during paid working hours, and product and service donations.

1. For financial reporting under US accounting standards, MillerCoors LLC is accounted for by Molson Coors under the equity method. Therefore, MillerCoors' revenues and expenses are not reported in Molson Coors' consolidated results. Molson Coors does receive and report 42% of the net profits of MillerCoors. See the [Economic Impact](#) section for details of our and MillerCoors' financial performance.



# RESPONSIBLE SOURCING

**An integral part of doing business the right way is ensuring that we procure in a manner that is sustainable for our business, for our communities and for the environment. Our ambition is to adopt best practice standards and techniques and to work with suppliers who do the same.**

Agricultural products, such as barley, hops, wheat and corn are major ingredients in our product. Perceptions about mismanagement of this material area could impact perceived quality of products, affecting market share, product appeal and customer engagement. While proactive engagement can have positive impacts on product reputation, biodiversity and the environment, in other areas we recognize and work to minimize the risks of labor standards issues such as health and safety, low wages and poor training, as well as mitigating broader environmental impacts such as energy, waste and water use.


## PROGRESS HIGHLIGHTS

  
**100%**

Supplier Standards communicated to 100% of global supply base through our Standard Terms and Conditions

  
**1,012**

Assessed 1,012 suppliers to ensure ethical compliance among top-tier suppliers

  
**91%**

Audited 43% of Tier 1 suppliers and 91% of high-risk suppliers (43 of 46)

  
**70%**

of suppliers with corrective action plans have improved their ESG performance

“Working collaboratively with Molson Coors around sustainable malting barley farming in the UK has resulted in significant benefits; we are at the forefront of the negotiating process, we are able to learn and share best practice, we have had talks and farm visits reviewing barley agronomy and grain storage through to grain marketing.

We discuss matters such as ecosystems and biodiversity, resource efficiency, the media perception of the farming industry, and the health of the farming sector as a whole. It’s also great for us to show Molson Coors where their beer is grown!”

*James Cox, Hazlecote Farm, UK, Steering Group Member of Molson Coors Growers’ Group*

## IN THIS SECTION

- p31** Sustainable Procurement Strategy
- p31** Supplier Standards
- p32** Supplier Monitoring
- p32** Supplier Partnerships



Our ingredients sourcing policy requires practices that strive to maintain soil fertility, water resources, air quality and biodiversity





# Sustainable Procurement Strategy

**Doing business the right way has always been the Molson Coors way. It's part of our heritage and guides our collective journey to becoming a top-performing global brewer.**



An integral part of doing business the right way is ensuring that we procure in a manner that is sustainable for our business, for our communities and for the environment. Our ambition is to adopt best practice standards and techniques and to work with suppliers who do the same, allowing us to jointly:

- Meet and exceed our customers' growing expectations to procure ethically and responsibly
- Have better risk management by protecting our interests throughout the supply chain
- Drive efficiency and continuous innovation through our supply chains

We are committed to an ethical and sustainable supply chain and to manage the supply of goods and services in a responsible way by adopting a risk and opportunities-based approach to identify our priorities. Molson Coors places its key focus areas on environmental, social and economic sustainability improvements. Our employees are trained to incorporate these areas into supplier selection and the procurement of materials for our business.

## SUPPLIER STANDARDS

In 2012, we established our [Supplier Standards](#), which set out the minimum expectations of suppliers around environmental, social and economic sustainability. Our Standards also cite our global [Packaging](#) and [Agricultural Brewing Ingredients](#) policies.

Suppliers are required to demonstrate compliance against the applicable environmental expectations of energy, emissions to air, natural resources, biodiversity, water, waste and pollution. Our Supplier Standards also set out the minimum compliance standards for social and economic sustainability, including: ethical business practices, commercial standards, employment standards and community responsibilities.

Our Supplier Standards are communicated as an ongoing requirement to 100% of our global supply base through our Standard Terms and Conditions. Additionally, we incorporated sustainability metrics into our Supplier Quality Scorecard. The scorecard tracks environmental performance data (CO<sub>2</sub>, energy and water) on a quarterly basis with our Tier 1 suppliers.

Molson Coors is committed to sourcing from suppliers who grow, produce and deliver agricultural brewing ingredients in a manner that recognizes and embraces our quality, safety and sustainability standards. We support our suppliers and producers in achieving this by working with them to recognize and adopt the six principles of our [Agricultural Brewing Ingredients Policy](#). The policy covers (as a minimum) barley, wheat, corn and hops. The implementation and governance of this policy is supported by our wider sustainable procurement program, and is also included in our Supplier Standards.

## MANAGING RISK

Our Supplier Risk Dashboard and Heat Map serve as the company tool to facilitate the early detection of sustainability risks in the supply chain. The Supplier Risk Dashboard identifies sustainability risks for each category against eight focus areas: energy, emissions to air, natural resources, biodiversity, water, waste, pollution, and labor and ethics, and provides an overall category risk rating. If a category is found to constitute a high overall risk, or contains high risks in relation to the focus areas, category managers will incorporate questions into tender documentation and performance scorecards. The intent is to investigate, mitigate and address these potential risks.



## Targets

- Communicate Molson Coors' Supplier Sourcing Standards to global supply base
- Use third-party assessment tool to evaluate high-risk packaging, brewing and merchandise suppliers

If supplier practices do not meet our Standards, we will work with them to achieve compliance. Where compliance is not possible, and progress cannot be made, we may be forced to seek alternative supply. Molson Coors may also request further verification from suppliers in the form of self-assessments via a third party or site audits. In 2015:

- Audited 43% of Tier 1 suppliers and 91% of high-risk suppliers (43 of 46)
- 90% of assessed Tier 1 suppliers have a corrective action plan
- 70% of suppliers with corrective action plans have improved their environmental, social and governance (ESG) performance since the plan was launched



## SUPPLIER MONITORING

One of the major opportunities we see within our supply chain is to create a more robust and standardized environment for companies to share information about their sustainability practices. Just as we report on our goals and progress so that others can evaluate our sustainability, we benefit from similar data about the sustainability of our suppliers.

In 2015, we adopted a new approach to driving improved risk management through a new Supplier Information Management (SIM) solution. It requires all new suppliers to register and agree to our Supplier Standards prior to being considered. Supplier profiles can contain CR information, including [Supplier Ethical Data Exchange](#) (SEDEX) membership status. SEDEX provides a standardized format, based on internationally recognized protocols, for companies to voluntarily report on their sustainability practices.

In 2015, we used third-party assessment tools to evaluate 1,012 top-tier packaging, brewing and merchandise suppliers. This included a third-party assessment tool to ensure financial sustainability risks are mitigated on an ongoing basis by working with suppliers that have a strong financial foundation and future.

## SUPPLIER PARTNERSHIPS

We are always looking for opportunities to work with our suppliers, collaborating to minimize our environmental impact and learn from best practice.

- We partnered with our PET supplier in Bulgaria to reduce the weight of our bottles. This down-weighting meant we used 6% (46 tonnes) less material and saved the company \$70,000 annually. See our [case study](#) to learn more.
- Project Midas, a global project, takes co-products, essentially leftover brewing materials from the brewing process, and finds alternative uses for them rather than sending them to the landfill. Those alternative uses allow Molson Coors to create a sustainable revenue stream while supporting our [zero waste to landfill initiative](#).



Barley Growers at their summer meeting, reviewing barley varieties and growth

### Molson Coors Growers' Group – UK

In 2008, Molson Coors – in partnership with our major grain merchant, [Frontier Agriculture](#), and facilitated by the [European Food and Farming Partnership](#) (EFFP) – set up the Molson Coors Growers' Group (MCGG), dedicated to ensuring a regular and guaranteed supply of top-quality barley. The 157 members of the group now supply more than 47,000 tonnes of barley for Molson Coors.

The group's purpose is to:

- Secure a sustainable supply of high-quality British malting barley from local and important barley growing regions of the UK
- Provide value to Molson Coors and the farmers
- Implement best practice and innovation in the supply chain

Annually, a Molson Coors Grower of the Year is awarded to the grower who has delivered the most to the group in terms of commitment to contract, quality and engagement with the group and meeting.





#### QUESTIONS/COMMENTS

As you read about our responsibility programs and challenges, we want to hear from you. We welcome [your feedback](#) about our reporting, scope and priorities for the future.



#### CONNECT WITH US

[www.MolsonCoors.com](http://www.MolsonCoors.com)

[www.OurBeerPrint.com](http://www.OurBeerPrint.com)



[@MolsonCoors](#)

[@BeerPrint](#)



[www.linkedin.com/company](http://www.linkedin.com/company)

[/molson-coors](#)

#### MOLSON COORS BREWING COMPANY

1801 California Street, Suite 4600  
Denver, CO 80202